GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2497
ANSWERED ON:11.03.2016
Recovery of Loans
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any proposal to form National Asset Reconstruction Company (NARC) for bad loans of stressed banks, if so, the details thereof along with the salient features of the NARC;
(b) whether the Government proposes any policy to ensure time-bound closure of legal cases pertaining to Non-Performing Assets, if so, the details thereof ;
(c) whether the bad loan has increased due to providing loans to corporate houses despite their huge outstanding loans; if so, the details thereof during the last three years and the current year; and
(d) other steps taken/being taken by the Government to recover such huge amount of loans from corporates?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) The Government does not have any proposal to form National Asset Reconstruction Company (NARC).

(b) Debt Recovery Tribunals (DRTs) have been set up by the government for facilitating recovery of Banks/Financial Institutions' dues under Recovery of Debts due to Banks and Financial Institutions Act, (RDDBFI), 1993. Under Section 19 (24) of the act, DRTs have been mandated to dispose off the applications filed by Banks/FIs within a period of 180 days from the date of receipt of application.

(c) The reasons for increase in NPAs include slowdown in recovery in the global economy and continuing uncertainty in the global markets leading to lower exports of various products like textiles, engineering goods, leather and gems etc., factors like volatility in prices of raw material and the shortage in availability of power to some sectors.

The details of Gross Advances and Gross NPAs to corporates by Scheduled Commercial Banks (SCBs) are as under:
Rs in crore
Corporate Lending
Year Gross Advances Gross NPAs GNPA Ratio
2012-13 31,11,761 1,00,118 3.22
2013-14 34,06,025 1,54,955 4.55
2014-15 36,15,133 1,93,123 5.34
2015-16 (till Dec 15) 38,41,836 2,60,653 6.78

(d) The Government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles, where incidence of NPAs is high. The government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. Reserve Bank of India (RBI) has also undertaken steps which include (i) Formation of Joint Lenders' Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to Infrastructure and Core industries, and (iii) Strategic Debt Restructuring (SDR) scheme.
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